

# Sygnia Life Income Maximiser Fund

31 December 2025

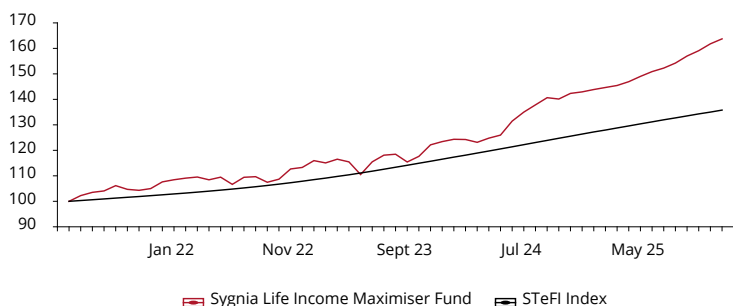
Portfolio Manager  
Regulation 28  
Fund Launch Date

**Sygnia Life Limited**  
**Compliant**  
**29 April 2021**

Investment Objective  
Legal Structure

**To provide maximum yield while avoiding the use of capital to fund drawdowns**  
**Life Fund**

## Cumulative Investment Performance



## Performance Analysis

| Periodic Performance       | Fund  | *BM  | Difference |
|----------------------------|-------|------|------------|
| <b>1 Month</b>             | 1.2%  | 0.6% | 0.6%       |
| <b>3 Months</b>            | 4.3%  | 1.7% | 2.6%       |
| <b>6 Months</b>            | 8.5%  | 3.5% | 5.0%       |
| <b>Year to Date</b>        | 14.6% | 7.4% | 7.1%       |
| <b>1 Year</b>              | 14.6% | 7.4% | 7.1%       |
| <b>**3 Years</b>           | 13.1% | 8.0% | 5.1%       |
| <b>**Since Inception</b>   | 11.1% | 6.8% | 4.4%       |
| <b>Gross Current Yield</b> | 9.2%  |      |            |

\*STeFI Index

\*\*Performance figures greater than 1 year are annualised

## Historical Performance

|             | Jan  | Feb   | Mar   | Apr   | May   | Jun   | Jul  | Aug  | Sep   | Oct   | Nov  | Dec  | Year  |
|-------------|------|-------|-------|-------|-------|-------|------|------|-------|-------|------|------|-------|
| <b>2021</b> |      |       |       |       | 2.2%  | 1.2%  | 0.5% | 2.0% | -1.4% | -0.4% | 0.6% | 2.5% | 7.6%  |
| <b>2022</b> | 0.8% | 0.6%  | 0.4%  | -1.0% | 1.0%  | -2.6% | 2.6% | 0.2% | -2.0% | 1.1%  | 3.7% | 0.5% | 5.3%  |
| <b>2023</b> | 2.4% | -0.8% | 1.3%  | -0.9% | -4.3% | 4.5%  | 2.3% | 0.3% | -2.6% | 1.9%  | 3.8% | 1.0% | 8.9%  |
| <b>2024</b> | 0.7% | -0.1% | -0.9% | 1.3%  | 1.0%  | 4.4%  | 2.7% | 2.1% | 2.0%  | -0.4% | 1.6% | 0.4% | 15.8% |
| <b>2025</b> | 0.6% | 0.6%  | 0.5%  | 1.0%  | 1.4%  | 1.3%  | 0.9% | 1.3% | 1.8%  | 1.3%  | 1.7% | 1.2% | 14.6% |

## Risk Statistics

|                            | Fund  | BM     |
|----------------------------|-------|--------|
| <b>% Positive Months</b>   | 78.6% | 100.0% |
| <b>% Negative Months</b>   | 21.4% | 0.0%   |
| <b>Best Month</b>          | 4.5%  | 0.7%   |
| <b>Worst Month</b>         | -4.3% | 0.3%   |
| <b>Avg Negative Return</b> | -1.4% | 0.0%   |
| <b>Maximum Drawdown</b>    | -5.2% | 0.0%   |
| <b>Standard Deviation</b>  | 5.7%  | 0.5%   |
| <b>Downside Deviation</b>  | 4.2%  | 0.0%   |

The risk statistics reflected above are calculated on a 60 month or since inception basis, depending on which period is shorter.

|                      |                   |          |             |                      |
|----------------------|-------------------|----------|-------------|----------------------|
| LOW                  | <b>LOW MEDIUM</b> | MEDIUM   | MEDIUM HIGH | HIGH                 |
| LESS RISK/<br>RETURN |                   |          |             | MORE RISK/<br>RETURN |
| 0 - 2<br>YEARS       | <b>2 YEARS+</b>   | 3 YEARS+ | 5 YEARS+    | 7 YEARS+             |

## Asset Allocation as at 31 December 2025

| Model                     | Weight | Allocation |
|---------------------------|--------|------------|
| <b>Domestic Bonds</b>     | 41.6%  |            |
| <b>Domestic Income</b>    | 53.5%  |            |
| <b>International Cash</b> | 4.9%   |            |

## Manager Allocation as at 31 December 2025

| Manager                        | Percentage |
|--------------------------------|------------|
| <b>Sygnia Asset Management</b> | 100.0%     |

## Total Return

|                      | 1 year | 2 years | 3 years | 4 years | Since Inception |
|----------------------|--------|---------|---------|---------|-----------------|
| <b>Income Return</b> | 9.6%   | 10.1%   | 10.0%   | 9.9%    | 9.8%            |
| <b>Price Return</b>  | 4.9%   | 5.1%    | 3.1%    | 1.2%    | 1.3%            |
| <b>Total Return</b>  | 14.6%  | 15.2%   | 13.1%   | 11.1%   | 11.1%           |

## Fees

|                        |  |
|------------------------|--|
| <b>Advisory Fee</b>    | N/A  |
| <b>Initial Fee</b>     | 0.00% (Sept 2025)                              |
| <b>Management Fee</b>  | per annum (inclusive of VAT) 0.50% (Sept 2025) |
| <b>Performance Fee</b> | N/A  |

# Sygnia Life Income Maximiser Fund

## Fund commentary

Minimum disclosure document (MDD)

4th Quarter 2025

### Market performance

Global markets delivered impressive returns in 2025, with the dramatic 10% decline in the US dollar emerging as the defining force across asset classes. The greenback's weakest annual performance since 2017, driven largely by President Trump's punitive tariff regime, reshaped investment outcomes and created significant divergence between dollar-based and local currency returns.

The S&P 500 posted a 16% gain in dollar terms, supported by three additional Federal Reserve rate cuts totalling 75 basis points and by ongoing enthusiasm around artificial intelligence (AI) investments. While market leadership broadened modestly beyond mega-cap technology stocks, companies at the forefront of the AI revolution remained the primary drivers of performance.

Currency movements told a different story for domestic investors, however. The rand's 14% appreciation against the dollar significantly reduced US equity returns to just 2.2% in South African currency terms, highlighting the material impact of foreign exchange fluctuations on investment outcomes.

The real winners in 2025 were commodity-linked and emerging market (EM) assets. Gold and silver recorded their strongest annual gains since 1979, while copper surged by the most in a decade. This commodity rally propelled the FTSE/JSE Capped All Share Index to an exceptional 43% return, marking a standout year of domestic asset outperformance. The JSE All Bond Index gained 24.2%, the second consecutive year of strong double-digit returns for South African bonds.

EMs broadly benefitted from dollar weakness, with the MSCI Emerging Markets Index returning 17.3% in rand terms, outperforming the MSCI World Index by 11 percentage points.

The Federal Reserve cut rates by 25 basis points in December 2025, bringing the federal funds rate to 3.5–3.75%. While equity markets responded positively, reaching new all-time highs, Chair Jerome Powell's accompanying statement suggested limited additional easing ahead. The Fed's language describing policy as "appropriately positioned" mirrors the phrasing that preceded a nine-month pause in 2024. With inflation still running near 3% and Powell's term extending through May 2026, the central bank appears set to hold rates steady until at least mid-year. Markets are currently pricing in a potential cut in April or June, followed by another in September, while the Fed's own projections suggest just one cut for the entire year.

However, a significant wildcard is Powell's anticipated replacement by Kevin Hassett, who is viewed as more aligned with the Trump administration. Hassett has indicated he sees no tariff-related threat to the Fed's 2% inflation target, potentially opening the door to more aggressive rate cuts than currently anticipated.

This environment is expected to support a stronger dollar in the first half of 2026 before it weakens again and equity volatility increases as expectations adjust. Fixed income yields are likely to remain attractive at the front end of the curve, while longer-dated bonds may face pressure as tariff-driven inflation concerns filter through the market.

A further wildcard is Trump's proposed signature "Freedom Cheque" initiative, which represents approximately \$300 billion in annual direct payments to working-class households, equivalent to 1% of GDP.

Pending Congressional approval for a first-quarter 2026 rollout, this stimulus could push economic growth to 3.0–3.5%, well above the consensus estimate of 2.4%. With consumer spending being 70% of GDP, the program represents substantial demand stimulus. The fiscal implications are considerable. The US budget deficit could expand to 7.5% of GDP, and inflation may accelerate by 0.5–1 percentage point. With debt-to-GDP approaching 100%, concerns about fiscal sustainability are intensifying. Powell has already signalled that the Fed will not accommodate excessive fiscal stimulus, setting up potential policy tension later in the year.

US growth equities have reached extraordinary valuation levels by historical standards. The Shiller CAPE ratio, which adjusts for economic cycles, is at record highs and now exceeds levels seen in the dot-com bubble. Historical data suggest that after such valuation peaks, 10-year returns typically average just 0–3%. These elevated valuations increase the likelihood of heightened volatility and suggest the need for diversification and tempered return expectations.

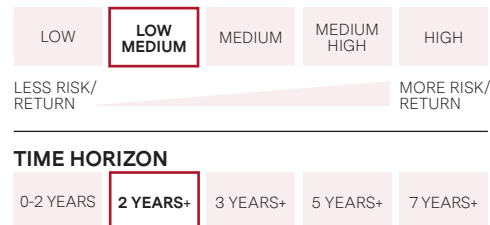
While US markets trade at stretched valuations, EMs offer compelling alternatives. Trading at a CAPE ratio of just 13, EMs present the most attractive global valuations. Several factors support the case for EM exposure: many countries serve as critical links in the semiconductor supply chain benefitting from AI deployment; Chinese companies continue capturing global market share, particularly from European competitors; and commodity producers stand to benefit from AI data centre infrastructure buildouts and increased global defence spending.

European equities, trading at a CAPE ratio of 18, appear attractive on a relative basis but face structural challenges. Europe's productivity growth lags the US, Germany has continued to lose market share to China as infrastructure stimulus remains delayed, and France faces political gridlock. We generally prefer European bonds over equities given these headwinds.

We remain overweight equities through EM and South African equity exposure. We are underweight developed market bonds, particularly US Treasuries, offset by overweight positions in local currency EM bonds, which are expected to benefit from falling EM inflation and a weaker dollar environment.

Despite a constructive outlook, significant risks warrant monitoring. Geopolitical tensions are escalating between the US and Venezuela and between China and Japan, while prospects for a Russia-Ukraine peace deal remain uncertain. Tariff-driven inflation could force markets to reprice Federal Reserve rate cut expectations. Combined with elevated valuations and geopolitical uncertainty, we are bracing for heightened volatility throughout 2026.

The year ahead promises both opportunity and challenge as diverging growth dynamics, shifting monetary policy and stretched valuations create a complex environment for portfolio management. Geopolitics, fiscal stimulus and inflation expectations are likely to remain key themes as markets navigate this evolving landscape.



### Fund performance

The Sygnia Life Income Maximiser Fund returned 4.3% for the quarter, outperforming its benchmark, the Short-Term Fixed Interest Index, which returned 1.7%. Over 12 months, the fund delivered 14.6% against the benchmark's return of 7.4%.

The fund continues to maximise income by dynamically managing allocations based on the shape of the yield curve.

The fund reduced its nominal bond exposure during the quarter and added an allocation to dollar interest-bearing assets as the rand continued to rally, strengthening by 4.5% in November and December alone.

Global bond markets enjoyed a strong rebound in 2025 as monetary policy continued to ease across domestic and emerging market countries. The Federal Reserve's December rate cut to 3.75% brought total easing for the year to 75 bps as inflation slowly trickled lower and no recession occurred. Despite heightened volatility, US Treasury yields ended the year lower at 4.2%, down from 4.6% in January, as investors embraced the prospect of easier financial conditions. The World Government Bond Index surged 7.5% in US dollar terms over 12 months, reflecting solid gains across major developed markets. Although the US government shutdown led to delays in several data prints, US headline inflation came in 2.7% for November, still well above the Fed's target but lower than earlier in the year.

South African bonds delivered a standout performance, supported by a friendlier domestic policy backdrop and improving sentiment to emerging markets. The South African Reserve Bank cut the repo rate to 6.75% in November, driving SA rates lower. The benchmark R2035 yield dropped sharply during 2025 to 8.2% (from 10.3% in January), with the All Bond Index delivering a remarkable 24.3% return for the year. Inflation-linked bonds also performed well, with the CILi rising 15.4%, while cash returns were comparatively muted at 7.4% as investors were rewarded for taking on duration risk. The rand strengthened by 12.2% against the US dollar, signalling renewed optimism in South Africa's and other emerging markets' macro stability heading into 2026.

**CAPE TOWN:** 7th Floor, The Foundry, Cardiff Street, Green Point, 8001 T +27 21 446 4940

**JOHANNESBURG:** Unit 40, 6th Floor, Katherine & West Building, West Street, Sandton T +27 10 595 0550

www.sygnia.co.za | info@sygnia.co.za

**Sygnia** 

## Important information to consider before investing

### Investment Objective & Strategy

The Sygnia Life Income Maximiser is designed for Living Annuity clients seeking maximum yield while avoiding the use of capital to fund drawdowns. The fund dynamically switches between SA Enhanced Income and SA Bonds, depending on the shape of the yield curve: when the yield curve is flat, the fund invests in SA Income, and when the yield curve is steep, the fund switches into SA Bonds. Thus, the fund maximises yield and minimises risk dependent on the economic environment. A small allocation to property diversifies the overall fund.

### Balancing Risk and Reward

The Sygnia Life Income Maximiser is a low to medium risk investment. The fund targets high income to fund living annuity drawdowns and is designed for investors seeking high yield, who can tolerate moderate capital fluctuations.

### Fees

Sygnia charges an annual management fee comprised of applicable basic fees paid to underlying managers and Sygnia's annual service fee.

Fees charged by underlying managers are treated as an expense of the account.

Sygnia does not provide advice and therefore does not charge advice fees. If a financial planner is appointed, initial and ongoing advice fees may be payable as agreed upon between you and your financial advisor. The payments of these fees are facilitated by the Linked Investment Service Provider (LISP) where the fund is made available and not directly by Sygnia.

### Disclaimer

Product provider and manager:

The Sygnia Group is a full member of the Association for Savings and Investment SA. Sygnia Life Limited is an authorised financial services provider (FSP 2935) and licensed linked insurer (1197). Sygnia Asset Management (Pty) Limited is an authorised financial services provider (FSP 873) and is the appointed investment manager of the Fund.

Linked policies:

The policy benefits of the linked policies are determined solely on the value of the assets or categories of assets to which the policies are linked. The value of investments may go down as well as up.

Performance:

Past performance is not necessarily a guide to future performance. Performance is based on NAV-to-NAV calculations, with income reinvestments done on the ex-div date. Performance is calculated for the portfolio, and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

Guarantee:

The Manager does not provide any guarantee with respect to either the capital or the return of the portfolio.

Other risks:

The fund may from time to time invest in foreign countries and may therefore have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement and the availability of information.

General:

The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates.

#### SYGNIA LIFE LIMITED

Registration no. 2000/022679/06

**CAPE TOWN:** 7th Floor, The Foundry, Cardiff Street, Green Point, 8001 T +27 21 446 4940

**JOHANNESBURG:** Unit 40, 6th Floor Katherine & West Building, West Street, Sandton, 2196 T +27 10 595 0550

**DURBAN:** Office 2, 2nd Floor Ridgeview, 1 Nokwe Avenue, Ridgeside, Umhlanga Ridge, 4319 T +27 31 001 0650

www.sygnia.co.za | info@sygnia.co.za

